GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1997
ANSWERED ON:05.08.2005
NON-BANKING FINANCIAL COMPANIES
Rao Shri Devarakonda Vittal

Will the Minister of FINANCE be pleased to state:

(a) whether the RBI is formulating any schemes to strengthen the Non-Banking Financial Companies; and

(b) if so, the details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b) :- Reserve Bank of India (RBI) have reported that policy regarding the NBFCs has been indicated in the Annual Policy Statement for the year 2005-06. The emphasis has been on developing NBFCs into a financially strong sector with improved skills and technology. The Bank has endeavoured to develop the sector on sound and healthy lines in the interest of depositors. The Bank has from time to time, relaxed norms for banks` lending to NBFCs for on lending to agriculture, Small Scale Industries, Small Road and Water Transport Operators (SRWTO) which are treated as priority sector lending for the banks. The Bank has also permitted the banks for financing the NBFCs against second hand assets. These measures have been taken to ensure flow of resources to NBFCs.